

February 4, 2005

DOCKET OFFICE
California Public Utilities Commission
505 Van Ness Avenue, Room 2001
San Francisco, CA 94102

Re: Order Instituting Rulemaking to Examine the Commission's Future Energy
 Efficiency Policies, Administration and Programs – R.01-08-028

Dear Docket Clerk:

Enclosed for filing are the original and five (5) copies of **COMMENTS OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 M) ON CPUC EM&V
WORKSHOP REPORT #4** in the above-captioned matter.

Please file the original document, date-stamp one copy, and return it in the enclosed self-addressed stamped envelope.

Very truly yours,

Evelyn C. Lee

ECL: jlb

cc: Administrative Law Judge Meg Gottstein
 Tim Drew, Energy Division
 All Parties of Record in R.01-08-028 (via electronic mail or U.S. mail)

Enclosures

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Examine the
Commission's Future Energy Efficiency
Policies, Administration and Programs.

R.01-08-028
(Issued August 23, 2001)

**COMMENTS OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)
ON CPUC EM&V WORKSHOP REPORT #4**

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I. INTRODUCTION

Pacific Gas and Electric Company (PG&E) provides its comments on the "Workshop Report – Future Commission Policies on Energy Efficiency Program Evaluation, Measurement and Verification" dated January 21, 2005. The report summarizes activity at Workshop #4, which was held on November 10, 2004 to design a process for developing EM&V protocols. In PG&E's opinion, workshop report provides an accurate representation of the discussion that took place and fairly summarizes the pre- and post-workshop comments. It also provides a concise recapitulation of the issues and challenges for evaluation that were raised by participants. The report is praiseworthy for its careful avoidance of appearing to endorse any party's position. It does not draw any conclusions regarding the scope of the protocols or make any suggestions on how to proceed with drafting the protocols.

The development of EM&V protocols is an urgent task at this time because program administrators must factor EM&V protocols into the design of energy efficiency measures and their associated implementation programs that will comprise the portfolio of energy efficiency

measures for the 2006-2008 period. Proposed portfolios for 2006-2008 are to be filed on June 1, 2005, which is only four months away. At the workshop, some questioned how EM&V protocols could be devised (1) prior to the adoption of an administrative structure for energy efficiency programs and (2) absent a clear statement of Commission policy for energy efficiency. With the issuance of D.05-01-055 and the Assigned Commissioner's stated intent to issue draft policy rules for post-2005 energy efficiency programs no later than April 30, 2005, the Commission has furnished the parties with adequate direction to begin work on the protocols. PG&E believes the workshop results should be quickly assimilated into a ruling that adopts PG&E's key recommendations in a ruling to begin the task of developing the EM&V protocols.

II. RECOMMENDATIONS FOR EM&V PROTOCOL DEVELOPMENT

A. Overview of Protocol Development Process

PG&E suggests that a ruling should be issued promptly that establishes the framework for the development of EM&V protocols as quickly as reasonably possible. At a minimum, the framework should:

- Identify the protocols to be developed,
- Utilize working groups comprised of representatives of stakeholders in the Commission's energy efficiency efforts,
- Draw upon the expertise of California Measurement Advisory Council (CALMAC) and its members,
- Convene workshops to enable stakeholders to discuss proposals in person,
- Adopt the schedule proposed by the Office of Ratepayer Advocates (ORA).

B. The Importance of Participant Input

PG&E's post-workshop comments advocated a process that first would identify

and discuss measurement issues through working groups that include key stakeholders and potential end-users. It is important to identify the purpose for which the EM&V data is being collected, as this will inform the qualitative characteristics of the protocol. We stressed our concern with conducting this process merely by teleconference. We supported ORA's recommendation for additional protocols.

The Commission is establishing performance standards for ratepayer-funded demand response programs in its rulemaking on policies and practices for advanced metering, demand response, and dynamic pricing, R.02-06-001. The policy objectives for advanced metering and demand response programs have evolved along a separate track from the energy efficiency policies. Since the two programs do not share identical objectives, it would be counterproductive to introduce potential conflicting criteria into the development of EM&V protocols in this proceeding. Thus, it should be clear that the EM&V protocols developed through the present efforts will not apply to demand response programs.

The "Workshop Discussion Summary" alludes to a discussion of the disconnection between future savings and the period during which savings can be claimed. (Report Attachment 3, p. 3.) PG&E suggests that the policy rules be reviewed to determine if there are sufficient protocols for the measurement of future savings.

The Commission ruling that initiates the working group process should identify the protocols to be developed through this collaborative process. However, we respectfully urge that all protocols should be vetted by the working groups and adjusted as needed to reflect the practical needs of the stakeholders and end-users. After this substantive review, the Commission, through its staff, should confirm the final list of

protocols to be addressed by the working group.

C. Coordination With Other Energy Efficiency Initiatives

We agree with other parties that the EM&V protocols should be developed in conjunction with the policy rules. EM&V protocols should be correlated with energy efficiency policy rules to ensure that the measurement of energy efficiency activities provides a record of how well they adhere to the Commission's energy efficiency policies.

In view of the limited time available, PG&E supports a phased protocol development process so long as the first protocols to be addressed are those that impact program design. We concur in SCE's suggestion that protocols for Impact Evaluation, Measurement and verification, and Sampling be developed first, followed by protocols for EM&V Administration Process and Reporting Requirements, and then any other protocols.

We still support the use of existing resources as a vehicle for facilitating working groups. CALMAC would be a logical choice, as its stated mission is to provide a forum for development, implementation, presentation, discussion, and review of market assessment and evaluation (MA&E) studies for energy efficiency programs within California that are conducted by member organizations individually and collectively. Given the need for EM&V protocols well before the June 1 portfolio deadline, there is even more need to use the CALMAC organization.

PG&E supports comments stating the need for the resolution of outstanding issues such as Performance Basis. PG&E also supports ORA's recommendation for a schedule that will ensure that protocols are developed in time to inform the portfolio filings by June 1.

III. CONCLUSION

PG&E appreciates the opportunity to comment on the Energy Divisions' report on EM&V Workshop #4. Now that the question of administrative structure has been resolved and draft policy rules have been circulated, the Commission should quickly order parties to collaborate on the development of EM&V protocols.

Respectfully Submitted,

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By: _____
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February 4, 2005

CERTIFICATE OF SERVICE BY MAIL

I, the undersigned, state that I am a citizen of the United States and am employed in the City and County of San Francisco; that I am over the age of eighteen (18) years and not a party to the within cause; and that my business address is Pacific Gas and Electric Company, Law Department B30A, 77 Beale Street, San Francisco, California 94105.

On the 4th day of February, 2005, I served a true copy of:

**COMMENTS OF
PACIFIC GAS AND ELECTRIC COMPANY (U 39 M)
ON CPUC EM&V WORKSHOP REPORT #4**

[XX] By Electronic Mail – serving the enclosed via e-mail transmission to each of the parties listed on the official service list for R.01-08-028 providing an e-mail address.

I certify and declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.

Executed on this 4th day of February, 2005 at San Francisco, California.

JUDITH A. BACCASH